



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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AS APPROVED

To: Local Government Self Insurance
Health and Welfare Advisory Board

From: John Nicholson
Local Government Self Insurance Program Administrator

Subject: Health and Welfare Advisory Board Meeting Minutes
February 10, 2006 meeting

HEALTH AND WELFARE BOARD MEMBERS PRESENT

Irene Eldridge	Service Employee International Union Local 925
Roger Neumaier	Snohomish County
Richard Rodruck	Public Utility Risk Management Services
Ruth Russell	University Place Schools

HEALTH AND WELFARE BOARD MEMBERS ABSENT

Sheryl Smith	City of Yakima
Ricky Walsh	Washington State Council of Firefighters

EX OFFICIO PRESENT

Chase Davis	Office of the Insurance Commissioner
Don Johnsen	Local Government Self Insurance Program

GUEST

Paul Chasco	Association of Washington Cities
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CALL TO ORDER

Meeting called to order 9:45 a.m. by Chair Irene Eldridge.

APPROVAL OF PREVIOUS MEETING MINUTES

October 13, 2005 Board meeting minutes were approved.

ELECTION OF BOARD CHAIR

Irene Eldridge was reelected 2006 Board Chair.

LGSIP REPORT

Don Johnsen reported program examinations continue on schedule - thirty-four will be completed by year-end 2006. On site program examinations provide an opportunity for financial and operational updates as well as validating financial management reports.

Legislative coverage mandates were then reviewed. Mid 2005, brokers representing several large programs contacted LGSIP to confirm the then recent legislative mental health parity coverage mandate did not apply to their programs. LGSIP and OIC Attorneys General reviewed the matter and determined that because the legislation did

not reference chapter 48.62 RCW (statutory authority for local governments to self insure employee health care benefits), the mandate did not apply to local government self insured programs. Since the 1992 implementation of RCW 48.62, it appears there has not been a legislative coverage mandate which included RCW 48.62. As part of the on site examination process, LGSI will assure all programs and their service providers share this understanding.

As a follow up to the previous Board meeting discussion at which members noted they were aware of schools and other local government entities with self-insured employee health care programs which do not appear on the LGSI site page Approved Program listing, LGSI has sent letters to two local government entities concerning the State Risk Manager's oversight.

There was additional discussion on the continued decrease of the incurred but not reported liability (IBNR) and net assets reported by all programs relative to actual expenses previously discussed during review of all program financials at the August 2005 Board meeting. The Board agreed to a follow up discussion and review of the current LGSI Financial Solvency Guidelines at the third quarter, August 10, 2006 Advisory Board meeting.

LGSI continues meeting with local government entities to discuss new self-insured programs and with a number of approved programs on improved financial reporting.

OIC REPORT

Chase Davis discussed issues related to the recently filed UnitedHealth Group of Minnesota application to purchase of PacifiCare Health Systems and all its subsidiaries including PacifiCare of Washington as part of the national merger of the two companies. The application indicates PacifiCare companies will be maintained and operated as separate entities under the United Health Group ownership. Medicare part D issues were also discussed.

BOARD MEMBER NEWS/ISSUES ROUND TABLE

Irene Eldridge reviewed a number of recent SEIU successes and initiatives and employee benefits related matters.

Roger Neumaier discussed the significant turnaround in financial soundness of the County's benefits program in 2005, IBNR methodology and related employee issues – noting that Snohomish County recently joined the Puget Sound Health Alliance.

Dick Rodruck noted the apparent carryover into 2006 of previous year adverse experience for the public utility employee health benefits programs he administers.

Ruth Russell spoke about her school district's significant increased claims experience after recently self-insuring a full medical benefits program.

Guest Paul Chasco discussed AWC organization, operations and their health plans in which 246 of their 281 members participate.

FUTURE MEETING SCHEDULING/BUSINESS/LOCATION

The Chair reminded all Margaret Stanley is scheduled to attend the May 11 Board meeting to discuss the Puget Sound Health Alliance.

PUBLIC COMMENT

There were no public comments.

ADJOURN

Meeting adjourned at 12:00 p.m.